

Message Text

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PAGE 01 AMMAN 04341 291008Z

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ACTION OPIC-06

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FOR OPIC

E.O. 11652: N/A

TAGS: EIND, JO

SUBJECT: OPIC INSURANCE FOR U.S. INVESTMENT IN FERTILIZER
PROJECT

REF: AMMAN 2171

1. AS PER TELEPHONE REQUEST FROM OPIC, FOLLOWING ARE EMBASSY
COMMENTS ON JORDAN FERTILIZER INDUSTRY COMPANY PROJECT IN
WHICH U.S. FIRM, AGRICO, HAS AN INTEREST. PLANT, DESCRIBED
IN REFTTEL, WILL EVENTUALLY PRODUCE 600,000 TONS OF FERTILIZER
ANNUALLY, MOST OF WHICH FOR EXPORT. FACTORY THUS PROMISES
TO REDUCE JORDAN'S CHRONIC TRADE DEFICIT WHICH REACHED
\$373 MILLION LAST YEAR. PROJECT WILL USE 1.1 MILLION TONS OF
LOW GRADE PHOSPHATE (57-60 BPL) ANNUALLY WHICH IS NOW REJECT
FROM PHOSPHATE MINING PROCESS.

2. GOVERNMENT IS LARGEST INVESTOR IN JORDAN FERTILIZER
INDUSTRY, HOLDING 26 PERCENT OF SHARES DIRECTLY AND
25 PERCENT THROUGH JORDAN PHOSPHATE MINES COMPANY,
GOJ CONTROLLED. IFC HAS 5 PERCENT OF SHARES AND AGRICO
HOLDS 25.1 PERCENT. PROJECT TO BE MANAGED FOR UP TO FIVE
YEARS BY FERTILIZER MANAGEMENT COMPANY, WHICH IS OWNED
BY AGRICO AND JORDAN PHOSPHATE INDUSTRY COMPANY. PLANT
WILL THUS BENEFIT FROM MANAGEMENT EXPERTISE OF AGRICO.

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PAGE 02 AMMAN 04341 291008Z

3. ALTHOUGH WE ARE NOT CAPABLE OF EVALUATING TECHNICAL ASPECTS OF PROJECT, IT APPEARS TO BE WELL CONCEIVED AND VIABLE. GOJ OFFICIALS APPEAR SATISFIED THAT CONTRACT WITH AGRICO THE BEST OF ALTERNATIVES PRESENTED. WE KNOW OF NO REASONS WHY OPIC SHOULD NOT INSURE AGRICO'S INVESTMENT IN THIS PROJECT.
PICKERING

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